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December 8, 2005

Honorable Franklin L. Lavin
Under Secretary for International Trade
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Under Secretary Lavin:

The Ukraine-United States Business Council ("Business Council") writes to support the Government of Ukraine's request that the U.S. Department of Commerce recognize Ukraine as a "market economy" for purposes of U.S. anti-dumping law.

The Business Council, founded in 1995, represents more than twenty major U.S. corporations doing business in Ukraine. Our mission is to maximize opportunities for trade and investments between Ukraine and the United States, and we have consistently worked to improve business conditions in Ukraine for U.S. investors. Accordingly, we have current experience with Ukraine's business conditions that is our foundation for commenting on Ukraine's case for market economy status.

We understand that the factors that the Commerce Department takes into account in making its decision are:

- Extent of currency convertibility
- Extent to which wages are determined by free bargaining between labor and management
- Extent to which joint ventures and FDI are permitted
- Extent of government ownership or control of means of production
- Extent of government control over prices and output (allocation of resources)
- Other appropriate factors

In considering these factors, we hope the Commerce Department will welcome input from U.S. businesses, such as our member companies, working in Ukraine.

U.S. companies, who are members of the Business Council, confirm that market-oriented business conditions are continuing to improve in Ukraine. Our member companies are able to convert the Hryvnia freely to other currencies without significant restriction. Furthermore, our members are increasing their foreign investment in Ukraine as investment opportunities there continually improve. They negotiate freely for labor and control the prices they charge for goods and services. In short, our member companies are currently experiencing, on the ground in Ukraine, the functioning market economy that has taken root.

We know that approximately two-thirds of Ukrainian GDP is from the private sector, due in part to the investments and work of our member companies. In addition, large-scale privatizations have added to the private sector's dominance in the Ukrainian economy. Since the Orange Revolution, Ukraine is fostering overall growth in market-based economic conditions, through legislation and otherwise, and the pace of that reform is increasing. In our view, these market-based economic realities corroborate the experience of our member companies and provide additional support for recognizing Ukraine as a market economy at this time.

We hope that the information in this letter is helpful to the Commerce Department in making its determination regarding Ukraine's request for market economy status. As explained above, our member companies' experiences show that Ukraine is a market economy and should be recognized as such by the Commerce Department.

We note, also, that the European Union recently recognized Ukraine as a market economy.

Please do not hesitate to contact me with any questions regarding this letter or the Ukraine-United States Business Council's support for the recognition of Ukraine as a market economy under U.S. anti-dumping law.

Sincerely,

John C. Stephens
Secretary/Treasurer
Ukraine-United States Business Council